PEACE UNITY PROGRESS

MANDENI MUNICIPALITY

Mandeni Municipality
Annual Financial Statements
for the year ended 30 June 2015

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
NDPG	Neighbourhood Development Programme Grant

General Information

Legal form of entity	Municipality
Nature of business and principal activities	Service delivery

MEMBERS OF EXECUTIVE COUNCIL

Mayor and Chairman of the Executive Committee	Cllr SB Zulu
Deputy Mayor	Cllr PM Sishi
Speaker (Ex-Officio)	Cllr MPP Zungu
Members of the Executive Committee	Cllr BL Magwaza
	Cllr MS Mdunge
	Cllr R Reddy (Replace Cllr S Ndlovu 1.09.2014)
	Cllr BP Mngadi
Other councillors	Cllr MT Cele
	Cllr GPS Busani
	Cllr EL Dube
	Cllr EK Dube
	Cllr HM Gumede
	Cllr P Gumede
	Cllr NE Hlabisa
	Cllr BA Khumalo
	Cllr CT Kumalo
	Cllr NP Masondo
	Cllr XH Mathonsi
	Cllr LR Mbonambi
	Cllr LR Mdletshe
	Cllr X Mdlethe
	Cllr SS Mdunge
	Cllr ZM Mhlongo
	Cllr JM Mkhize
	Cllr MC Mkhaliphi
	Cllr N Msimango
	Cllr K Naidoo
	Cllr CZ Ngcobo
	Cllr BW Ngiba
	Cllr NF Ntuli
	Cllr S Ndlovu (replace Cllr R Reddy 1.09.2014)
	Cllr JS Zibani
	Cllr MM Ziqubu
	Cllr GN Zungu

General Information

Senior management

LH Mapholoba - Municipal Manager
RN Hlongwa - Chief Financial Officer
Z Mngadi - Director: Corporate Services
R Sewdular - Director: Technical Services
ZW Mcineka - Director: Public Safety and Community Services
S Khuzwayo - Director: Economic Development, Planning and Human Settlement

General Information

Auditors	Auditor-General South Africa
Bankers	First National Bank
Registered office	Mandeni Municipal Office 2 Kingfisher Road MANDENI 4490
Business address	2 Kingfisher Road MANDENI 4490
Postal address	P O Box 144 MANDENI 4490
Attorneys	Shepstone and Wylie Ngidi and Co. Mathew Francis Inc.
Telephone number	032 - 456 8200
Fax number	032 - 456 2504
Email address	info@mandeni.gov.za
Grading of local authority	3
Jurisdiction	Mandeni Boundary (as determined by the Demarcation Board)

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 84, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003) and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in the Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance of Traditional Affairs' determination in accordance with this Act.

Accounting Officer
LH MAPHOLOBA

MANDENI

31 August 2015

Statement of Financial Position as at 30 June 2015

	Note(s)	2015 R	2014 R
Assets			
Current Assets			
Cash and cash equivalents	3	935,527	618,524
Call investment deposits	4	28,121,695	60,286,785
Receivables from exchange transactions	5	6,164,174	11,029,342
Receivables from non-exchange transactions	6	26,236,851	18,317,517
Inventories	7	638,090	666,865
VAT receivable	14	4,344,697	-
		66,441,034	**90,919,033**
Non-Current Assets			
Investment property	8	46,606,200	46,606,200
Property, plant and equipment	9	308,590,942	260,710,001
Intangible assets	10	338,210	-
		355,535,352	**307,316,201**
Total Assets		**421,976,386**	**398,235,234**
Liabilities			
Current Liabilities			
Payables	12	11,353,868	4,038,350
Consumer deposits	13	1,649,598	1,535,215
Provisions	15	5,801,037	4,730,363
Unspent conditional grants and receipts	17	7,317,871	15,297,153
Finance lease obligation	18	193,531	164,255
VAT payable	19	-	707,483
		26,315,905	**26,472,819**
Non-Current Liabilities			
Employee benefit obligation	16	15,267,124	10,986,004
Finance lease obligation	18	211,593	405,124
		15,478,717	**11,391,128**
Total Liabilities		**41,794,622**	**37,863,947**
Net Assets		**380,181,764**	**360,371,287**
Net Assets			
Reserves			
Housing development fund		1,783,989	1,723,106
Accumulated surplus	11	378,397,775	358,648,181
Total Net Assets		**380,181,764**	**360,371,287**

Statement of Financial Performance

	Note(s)	2015 R	2014 R
Revenue			
Property rates	21	29,125,135	27,411,175
Property rates - penalties imposed	21	10,407,112	5,477,042
Service charges	22	18,253,443	17,662,764
Rental of facilities and equipment	23	272,915	267,238
Interest received - external investments	24	3,305,827	3,563,627
Fines		2,223,116	778,711
Licences and permits		723,355	44,555
Government grants & subsidies	25	155,442,812	114,787,731
Other income	26	7,511,301	4,765,234
Total revenue		**227,265,016**	**174,758,077**
Expenditure			
Employee related costs	27	(60,211,490)	(48,541,221)
Remuneration of councillors	28	(9,643,638)	(9,159,265)
Retirement benefit and long term service contributions	16	(4,281,120)	(1,255,499)
Debt Impairment	29	(20,108,708)	(17,857,080)
Depreciation and amortisation	30	(21,457,492)	(18,632,384)
Collection costs		(270,246)	(32,772)
Bulk purchases	32	(8,112,359)	(8,128,413)
Contracted services	33	(21,270,476)	(10,970,825)
Transfers and Subsidies	34	(12,291,246)	(3,865,889)
Repairs and maintenance	35	(11,763,092)	(10,451,084)
General Expenses	36	(39,188,585)	(36,927,556)
Total expenditure		**(208,598,452)**	**(165,821,988)**
Operating surplus		**18,666,564**	**8,936,089**
Loss on disposal of assets and liabilities		-	(264,647)
Inventories: (Write down)/reversal of write down to Net Realisable Value		(12,554)	(226)
		(12,554)	(264,873)
Surplus for the year		**18,654,010**	**8,671,216**

Statement of Changes in Net Assets

	Housing development fund R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	1,672,986	326,341,474	328,014,460
Adjustments			
Correction of errors (refer to note 39)	-	23,635,492	23,635,492
Balance at 01 July 2013 as restated*	**1,672,986**	**349,976,966**	**351,649,952**
Changes in net assets			
Surplus for the year	-	8,671,215	8,671,215
Interest on Housing development fund account capitalised	50,120	-	50,120
Total changes	50,120	8,671,215	8,721,335
Balance at 01 July 2014	**1,723,106**	**359,743,765**	**361,466,871**
Changes in net assets			
Surplus for the year	-	18,654,010	18,654,010
Interest on Housing development fund account capitalised	60,883	-	60,883
Total changes	60,883	18,654,010	18,714,893
Balance at 30 June 2015	**1,783,989**	**378,397,775**	**380,181,764**

Cash Flow Statement

	Note(s)	2015 R	2014 R
Cash flows from operating activities			
Receipts			
Taxation		31,612,913	41,718,290
Sale of goods and services		13,740,603	116,070
Grants		147,651,519	118,166,443
Interest income - external investments		3,244,944	3,513,507
Other cash item		60,883	-
		196,310,862	163,514,310
Payments			
Employee costs		(68,269,995)	(56,604,897)
Suppliers		(90,108,937)	(71,268,731)
		(158,378,932)	(127,873,628)
Net cash flows from operating activities	37	**37,931,930**	**35,640,682**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(69,458,328)	(47,775,066)
Property, plant and equipment written off	9	176,997	-
Purchase of other intangible assets	10	(395,309)	-
Purchase of call investment deposits		-	(483,945)
Net cash flows from investing activities		**(69,676,640)**	**(48,259,011)**
Cash flows from financing activities			
Finance lease payments		(164,255)	-
Interest income		60,883	50,120
Net cash flows from financing activities		**(103,372)**	**50,120**
Net increase/(decrease) in call investment deposits, and cash and cash equivalents		**(31,848,082)**	**(12,568,209)**
Call investment deposits, and Cash and cash equivalents at the beginning of the year	38	60,905,309	73,473,518
Call investment deposits, and Cash and cash equivalents at the end of the year	38	**29,057,227**	**60,905,309**

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
2015											
Financial Performance											
Property rates	31,685,192	4,000,000	35,685,192	-		35,685,192	39,532,247		3,847,055	111 %	125 %
Service charges	19,605,945	-	19,605,945	-		19,605,945	18,253,443		(1,352,502)	93 %	93 %
Investment revenue	2,500,000	500,000	3,000,000	-		3,000,000	3,305,827		305,827	110 %	132 %
Transfers recognised - operational	97,242,000	600,000	97,842,000	-		97,842,000	155,406,741		57,564,741	159 %	160 %
Other own revenue	1,364,750	14,373,000	15,737,750	-		15,737,750	10,730,687		(5,007,063)	68 %	786 %
Total revenue (excluding capital transfers and contributions)	**152,397,887**	**19,473,000**	**171,870,887**	-		**171,870,887**	**227,228,945**		**55,358,058**	**132 %**	**149 %**
Employee costs	(55,829,454)	-	(55,829,454)	-	-	(55,829,454)	(60,211,490)	-	(4,382,036)	108 %	108 %
Remuneration of councillors	(9,717,598)	-	(9,717,598)	-	-	(9,717,598)	(9,643,638)	-	73,960	99 %	99 %
Debt impairment	(3,218,094)	-	(3,218,094)			(3,218,094)	(20,108,708)	-	(16,890,614)	625 %	625 %
Depreciation and asset impairment	(5,973,346)	(13,000,000)	(18,973,346)			(18,973,346)	(21,457,492)	-	(2,484,146)	113 %	359 %
Materials and bulk purchases	(10,991,244)	-	(10,991,244)	2,659,946	-	(8,331,298)	(8,112,359)	-	218,939	97 %	74 %
Transfers and grants	(1,550,000)	-	(1,550,000)	-	-	(1,550,000)	(12,291,246)	-	(10,741,246)	793 %	793 %
Other expenditure	(65,118,151)	(8,910,000)	(74,028,151)	(2,659,946)	-	(76,688,097)	(76,786,073)	-	(97,976)	100 %	118 %
Total expenditure	**(152,397,887)**	**(21,910,000)**	**(174,307,887)**	-	-	**(174,307,887)**	**(208,611,006)**	-	**(34,303,119)**	**120 %**	**137 %**
Surplus/(Deficit)	-	**(2,437,000)**	**(2,437,000)**	-		**(2,437,000)**	**18,617,939**		**21,054,939**	**(764)%**	**DIV/0 %**

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Transfers recognised - capital	62,334,000	-	62,334,000	-		62,334,000	55,859,217		(6,474,783)	90 %	90 %
Contributions recognised - capital and contributed assets	28,163,000	-	28,163,000	-		28,163,000	13,994,421		(14,168,579)	50 %	50 %
Surplus (Deficit) after capital transfers and contributions	**90,497,000**	**(2,437,000)**	**88,060,000**	-		**88,060,000**	**88,471,577**		**411,577**	**100 %**	**98 %**
Surplus/(Deficit) for the year	**90,497,000**	**(2,437,000)**	**88,060,000**	-		**88,060,000**	**88,471,577**		**411,577**	**100 %**	**98 %**

Capital expenditure and funds sources

	Original budget	Budget adjustments	Final adjustments budget	Shifting of funds	Virement	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Total capital expenditure	90,497,000	(12,579,000)	77,918,000	-		77,918,000	69,853,638		(8,064,362)	90 %	77 %
Sources of capital funds											
Transfers recognised - capital	62,334,000	(6,089,000)	56,245,000	-		56,245,000	55,859,217		(385,783)	99 %	90 %
Internally generated funds	28,163,000	(6,490,000)	21,673,000	-		21,673,000	13,994,421		(7,678,579)	65 %	50 %
Total sources of capital funds	**90,497,000**	**(12,579,000)**	**77,918,000**	-		**77,918,000**	**69,853,638**		**(8,064,362)**	**90 %**	**77 %**

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Cash flows											
Net cash from (used) operating	77,520,000	-	77,520,000	-		77,520,000	37,931,930		(39,588,070)	49 %	49 %
Net cash from (used) investing	(90,780,000)	-	(90,780,000)	-		(90,780,000)	(69,676,640)		21,103,360	77 %	77 %
Net cash from (used) financing	-	-	-	-		-	(103,372)		(103,372)	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	**(13,260,000)**	**-**	**(13,260,000)**	**-**		**(13,260,000)**	**(31,848,082)**		**(18,588,082)**	**240 %**	**240 %**
Cash and cash equivalents at the beginning of the year	66,524,000	-	66,524,000	-		66,524,000	60,905,309		(5,618,691)	92 %	92 %
Cash and cash equivalents at year end	**53,264,000**	**-**	**53,264,000**	**-**		**53,264,000**	**29,057,227**		**24,206,773**	**55 %**	**55 %**

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 122(3) of Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by economic factors such as inflation and interest rate.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

1.1 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows under GRAP 13 while the government bond rate was used to discount future cash flows under GRAP 25.

Allowance for debt impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Going concern - assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.3 Investment property

Investment property is property (land or a building - or part of a building) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services; or for
- administrative purposes; or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

1.3 Investment property (continued)

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent measurement - Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

1.4 Property, plant and equipment (continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent measurement - revaluation model (land and buildings)

Subsequent to initial recognition, land and buildings are carried at a cost amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Subsequent measurement - cost model

Subsequent to initial recognition, items of Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

Where the municipality replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight line basis over the estimated useful lives of items of property, plant and equipment unless depreciation of certain assets is being determined using a method other than estimated useful life.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

1.4 Property, plant and equipment (continued)

The annual depreciation rates are based on the following estimated average useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life in years
Buildings	30
Infrastructure	
• Roads surface	30
• Pavement	30
• Pedestrian malls	30
• Electricity network	20-30
• Transformers	20-30
• Water	15-20
• Sewerage	15-20
Community	
• Buildings	30
• Recreational facilities	20-30
• Security	5
• Halls	30
• Libraries	30
• Parks and gardens	30
• Other assets	5
Other assets	
• Buildings	30
• Specialist vehicles	10
• Other vehicles	5
• Other equipment	3-7
• Furniture and fittings	7-10
• Watercraft	15
• Bins and containers	5
• Specialised plant and equipment	10-15
• Other items of plant and eqipment	2-5

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. In determining the depreciation charge for the current year, the residual value for all assets have been taken into account.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations. A binding arrangement describes an arrangement that confers similar rights and obligations on the parties as if it were in the form of a contract

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software licenses fees	1 years
Computer software	3 years

1.5 Intangible assets (continued)

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the statement of financial performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible assets is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and impairment loss is charged to the statement of financial performance.

Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount and is recognised in the statement of financial performance.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Call investment deposits	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost
Other Receivable	Financial asset measured at fair value

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost

1.6 Financial instruments (continued)

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:
- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector either through established practices or legislation.

1.6 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

1.6 Financial instruments (continued)

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Property, plant equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance costs and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorted of the asset's useful life or the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing.

Operating leases are those leases that do not fall within the scope within the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

1.8 Inventories (continued)

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

1.9 Impairment of cash-generating assets (continued)

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

1.9 Impairment of cash-generating assets (continued)

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.10 Impairment of non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

1.10 Impairment of non-cash-generating assets (continued)

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.11 Employee benefits

Employee benefits are all forms of consideration given by a municipality in exchange for service rendered by employees.

1.11 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.11 Employee benefits (continued)

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a municipality pays fixed contributions into a separate municipality (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.11 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) on retirement, is entitled to remain a continued member of the medical aid fund in which case the municipality is liable for a certain portion of the medical aid membership fee.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The municipality accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement.

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:
- the amount determined above; and

1.11 Employee benefits (continued)

- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

1.11 Employee benefits (continued)

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Long-term service awards

The municipality has an obligation to provide long term service awards to all if its employees who have been in service of the municipality for a certain periiod of time. According to the rules of the long-term service allowance scheme, which the municipality has instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liability. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.11 Employee benefits (continued)

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.12 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

1.12 Provisions and contingencies (continued)

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating expenditure.

If an municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45 unless the possibility of an outflow or resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

1.12 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9 and 1.10.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

Levies

A levy is an outflow of resources embodying economic benefits that is imposed by governments on entities in accordance with legislation (i.e. laws and/or regulations), other than:
- those outflows of resources that are within the scope of other Standards, and
- fines or other penalties that are imposed for breaches of the legislation.

Government refers to government, government agencies and similar bodies whether local, national or international.

The obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation.

The municipality does not have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the municipality being economically compelled to continue to operate in that future period. The preparation of financial statements under the going concern assumption does not imply that the municipality has a present obligation to pay a levy that will be triggered by operating in a future period.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time (i.e. if the activity that triggers the payment of the levy, as identified by the legislation, occurs over a period of time).

If an obligation to pay a levy is triggered when a minimum threshold is reached, the corresponding liability is recognised when that minimum threshold is reached.

The municipality recognises an asset if it has prepaid a levy but does not yet have a present obligation to pay that levy.

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Revenue from the sale of tender documents is recognised at the point of sale.

1.13 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Fines are economic benefits or service potential received or receivable by municipalities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

1.14 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.14 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of property rates when the taxable event occurs and the asset recognition criteria are met.

Resources arising from property rates satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured.

The taxable event for property rates is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by the debtors.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

1.14 Revenue from non-exchange transactions (continued)

Concessionary loans received

A concessionary loan is a loan granted to or received by an property, plant and equipment on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the municipality recognises revenue as and when it satisfies the conditions of the loan agreement.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

1.15 Value-added tax

The municipality accounts for value-added tax (VAT) on the payment basis.

The municipality is registered with the South African Reenue Services (SARS) for VAT on the payment basis, in accordance with section 15(2) of the VAT Act (Act no. 89 of 1991).

1.16 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.17 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No.56 of 2003) and includes:

- overspending of of the total amount appropriated in the municipality's approved budget;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose,otherwise than for that specific purpose;
- spending of an allocation reffered to in paragraph (b),(c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation;or a grant by the municipality in accordance with the Municipal Finance Management Act.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Accumulated surplus

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution (Number C30 dated 17.10.2012).

These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to CRR is based on the municipality's need to finance future capital progress included in the integrated development plan. The following provisions are set for the creation and utilisation of the CRR:

- the cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- interest earned on the CRR investment is recorded as part of the total interest earned in the statement of financial performance
- the CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for maintenance of these items.
- whenever an asset is purchased out of CRR, an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the Capitalisation Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The Capitalisation Reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.
- if a gain is made on the sale of assets previously purchased out of the CRR, the gain on these assets sold is reflected in the statement of financial performance.

1.20 Accumulated surplus (continued)

Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

Provisions are set out for the creation and utilisation of the Housing Development Fund. The Housing Development Fund is cash- backed, and invested in accordance with the investment policy of the municipality.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Donations and public contributions reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.20 Accumulated surplus (continued)

Government grant reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/deficit to the Government Grants Reserve equal to the Government Grant recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/deficit.

The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.21 Budget Information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2014 to 30/06/2015.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting,

1.22 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.23 Events after the reporting date

The municipality has carefully considered whether events occurring between the Statement of Financial Position date and the date of approval should be reflected in the annual financial statements. Events after the reporting period (or 'post Statement of Financial Position events') are either adjusting events or non-adjusting events.

Adjusting events provide further evidence of conditions that existed at the statement of financial position date and the carrying amounts of assets and liabilities at the statement of financial posistion date are adjusted for such events. Non-adjusting events relate to conditions that arose after the statement of financial position date and should be disclosed.

The municipality adjusts amount recognised in the financial statements to reflect adjsting events after the reporting date once the event occured.

1.24 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

	2015 R	2014 R

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected Impact:
• GRAP 20: Related parties	01 April 2016	
• GRAP32: Service Concession Arrangements: Grantor	01 April 2016	
• GRAP108: Statutory Receivables	01 April 2016	
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	
• DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	01 April 2016	

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2015	
• GRAP 105: Transfers of functions between entities under common control	01 April 2015	
• GRAP 106: Transfers of functions between entities not under common control	01 April 2015	
• GRAP 107: Mergers	01 April 2015	
• IGRAP 11: Consolidation – Special purpose entities	01 April 2015	
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2015	
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2015	
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2015	
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2015	

	2015 R	2014 R

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6,200	6,200
Bank balances	929,327	612,324
Cash and cash equivalents at the end of the year	**935,527**	**618,524**

Cash on hand		
Balance at end of the year	6,200	6,200

First National Bank - Mandeni branch:		
Cheque Account		
Account number 52940480587		
Cash book balance	929,327	612,324
Bank statement balance	1,887,048	1,522,432

4. Call investment deposits

Call investment deposits consist of deposits maturing within a year and conditional grants that are ringfenced to be cash backed:

Nedbank - Mandeni branch -		
Call investment deposits		
Account number - 23581136/9998		
Cash book balance	6,744,198	6,432,599
Bank statement balance	6,744,198	6,432,599
Standard Bank -Mandeni branch -		
Call investment deposit		
Account number -068637527002		
Cash book balance	26,389	25,805
Bank statement balance	26,389	25,805
First National Bank - Mandeni branch -		
Call investment deposits		
Account nunber - C061294217372		
Cash book balance	2,795,606	20,463,930
Bank statement balance	2,795,606	20,463,930
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062028673219		
Cash book balance	1,783,990	1,723,107
Bank statement balance	1,783,990	1,723,106
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062138398327.		
Cash book balance	43,942	11,926,073
Bank statement balance	43,942	11,926,073

	2015 R	2014 R
4. Call investment deposits (continued)		
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062252919471		
Cash book balance	6,209,639	2,400,590
Bank statement balance	6,484,945	1,626,463
First National Bank - Mandeni branch -		
Call investment deposits		
Account number - C062113325882		
Cash book balance	1,000	8,720
Bank statement balance	1,000	8,719
First National Bank - Mandeni branch -		
Call investment deposit		
Account number - 74396352970		
Cash book balance	-	17,305,960
Bank statement balance	-	17,305,960
First National Bank - Mandeni branch		
Call investment deposit		
Account number - 62527527462		
Call account 6 -INEP	221,398	-
Bank statement balance	1,511,226	-
Farst National Bank - Mandeni branch		
Call investment deposit		
Account number - 62538203449		
Call account 7-Asset Revaluation	10,295,534	-
Bank statement balance	10,295,534	-
Cash book balance	**28,121,696**	**60,286,784**

The following call investment deposits have no restrictions on the use of funds:

- Nedbank - Mandeni branch - Call investment deposits
  Account number - 23581136/9998
- Standard Bank - Mandeni branch - Call investment deposits
  Account number - 068637527002
- First National Bank - Mandeni branch - Call investment deposits
  Account number - C061294217372
- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062113325882

The following call investment deposits have the following restrictions on the use of funds:

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062028673219:
  This account may only be used for housing related expenditure.

	2015 R	2014 R

4. Call investment deposits (continued)

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062138398327:
  This account may only be used for MIG expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062252919471:
  This account may only be used for Neighbourhood Development Program expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - 74396352970:
  This account may only be used for the acquisition of assets.

Included in the amounts above are capital grants. See note 17 for additional information.

5. Receivables from exchange transactions

	2015 R	2014 R
Gross balances		
Electricity	2,908,423	2,512,995
Refuse	23,053,434	24,928,896
	25,961,857	**27,441,891**
Less: Allowance for impairment		
Electricity	(770,809)	(759,887)
Refuse	(19,026,874)	(15,652,662)
	(19,797,683)	**(16,412,549)**
Net balance		
Electricity	2,137,614	1,753,108
Refuse	4,026,560	9,276,234
	6,164,174	**11,029,342**
Electricity		
Current (0 -30 days)	1,034,019	(124,194)
31 - 60 days	552,086	202,993
61 - 90 days	227,516	(158,693)
91 - 120 days	124,968	(24,798)
121 - 365 days	202,884	118,916
> 365 days	766,950	2,498,771
Less: Impairment	(770,809)	(759,887)
	2,137,614	**1,753,108**

	2015 R	2014 R

5. Receivables from exchange transactions (continued)

Refuse		
Current (0 -30 days)	548,694	186,288
31 - 60 days	330,192	263,929
61 - 90 days	337,436	306,399
91 - 120 days	326,460	273,193
121 - 365 days	2,532,998	2,233,482
> 365 days	18,977,654	21,665,605
Less: Impairment	(19,026,874)	(15,652,662)
	4,026,560	**9,276,234**

Reconciliation of allowance for impairment of consumer debtors

	2015 R	2014 R

6. Receivables from non-exchange transactions

	2015 R	2014 R
Receivables from non-exchange transactions (aged)		
Rates	61,460,923	66,567,403
Interest	16,856,644	-
Other	246,665	(227,971)
Less: Non-exchange Impairment - Rates	(43,457,703)	(49,732,235)
Less: Non exchange Impairment - Interest	(12,639,390)	-
Less: Non-exchange Impairment - Other	(68,041)	177,225
	22,399,098	**16,784,422**
Receivables from non-exhange transactions (Not aged)		
Fines	2,830,474	710,934
Housing rental	-	40,230
Other receivables	997,279	771,931
Postage deposit	10,000	10,000
	26,236,851	**18,317,517**

	2015 R	2014 R
Rates		
Current (0 - 30 days)	(27,636)	(109,480)
31 - 60 days	2,240,352	2,318,442
61 - 90 days	2,057,117	1,572,049
91 - 120 days	1,974,900	1,835,308
121 - 365 days	12,672,251	8,202,578
> 365 days	42,543,939	52,748,905
Less: Non-exchange Impairment - Rates	(43,457,703)	(49,732,235)
	18,003,220	**16,835,567**

	2015 R	2014 R
Interest		
Current (0 -30 days)	668,721	-
31 - 60 days	638,139	-
61 - 90 days	705,995	-
91 - 120 days	688,848	-
121 - 365 days	4,895,308	-
> 365 days	9,259,633	-
Less: Non-exchange Impairment - Interest	(12,639,390)	-
	4,217,254	**-**

	2015 R	2014 R
Other		
Current (0 - 30 days)	(857)	73,870
31 - 60 days	790	3,678
61 - 90 days	100	(28,710)
91 - 120 days	1,905	(14,042)
121 - 365 days	5,193	(136,134)
> 365 days	239,534	(126,632)
Less: Non-exchange Impairment - Other	(68,041)	177,225
	178,624	**(50,745)**

	2015 R	2014 R

6. Receivables from non-exchange transactions (continued)

	2015 R	2014 R
Total		
Current (0 -30 days)	640,720	(35,610)
31 - 60 days	2,879,281	2,322,120
61 - 90 days	2,763,212	1,543,339
91 - 120 days	2,665,654	1,821,265
121 - 365 days	17,572,752	8,066,445
> 365 days	52,043,106	52,621,873
	78,564,725	66,339,432
Other receivables from non-exchange revenue (impair)	(56,165,134)	(49,555,010)
	22,399,591	**16,784,422**

Summary of debtors by customer classification

	2015 R	2014 R
Households		
Current (0 -30 days)	1,707,776	133,683
31 - 60 days	1,754,185	1,039,610
61 - 90 days	1,345,336	491,731
91 - 120 days	1,196,319	352,522
121 - 365 days	7,978,511	5,295,505
> 365 days	47,572,765	53,065,798
Less impairment	(50,032,306)	(48,074,480)
	11,522,586	**12,304,369**
Industrial / Commercial		
Current (0 -30 days)	507,550	113,960
31 - 60 days	1,947,513	1,679,035
61 - 90 days	2,020,338	482,098
91 - 120 days	1,871,962	482,098
121 - 365 days	12,046,530	581,596
> 365 days	23,190,108	15,548,523
Less impairment	(24,533,138)	(17,800,720)
	17,050,863	**1,086,590**
National /Provincial Government		
Current (0 -30 days)	7,614	(37,581)
31 - 60 days	59,860	70,406
61 - 90 days	(39,510)	25,250
91 - 120 days	48,801	25,715
121 - 365 days	283,592	652,482
> 365 days	1,024,840	(382,221)
Less impairment	(1,397,373)	(92,360)
	(12,176)	**261,691**

	2015 R	2014 R

6. Receivables from non-exchange transactions (continued)

Provision for Impairment		
Current (0 -30 days)	(770,494)	(817,908)
31 - 60 days	(1,508,683)	(1,481,738)
61 - 90 days	(1,530,514)	(1,048,952)
91 - 120 days	(1,522,939)	(1,070,177)
121 - 365 days	(11,077,043)	(6,475,033)
> 365 days	(59,553,144)	(55,073,750)
	(75,962,817)	**(65,967,558)**

	2015 R	2014 R
6. Receivables from non-exchange transactions (continued)		
Reconciliation of allowance for Impairment		
Opening balance	(65,967,559)	(48,941,770)
Contriburion for bad debts	(20,108,708)	(17,857,081)
Written off (Material loss)	10,113,450	831,292
	(75,962,817)	**(65,967,559)**
Totals		
Current (0 -30 days)	1,452,445	(791,425)
31 - 60 days	2,252,877	1,307,312
61 - 90 days	1,797,650	642,093
91 - 120 days	1,594,143	999,483
121 - 365 days	9,231,590	3,943,808
> 365 days	12,234,566	21,712,493
	28,563,271	**27,813,764**

7. Inventories

	2015 R	2014 R
Consumable stores	465,071	486,890
Maintenance materials	173,019	179,975
	638,090	**666,865**
Consumable stores		
At cost	486,890	332,403
Additions	596,504	568,390
Issued/(expensed)	(618,323)	(413,903)
	465,071	**486,890**
Maintenance materials		
At cost	179,975	167,045
Additions	286,645	983,708
Issued/(expensed)	(293,601)	(970,778)
	173,019	**179,975**

Notes to the Annual Financial Statements

Figures in Rand

8. Investment property

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	46,606,200	-	46,606,200	46,606,200	-	46,606,200

Reconciliation of investment property - 2015

	Opening balance	Additions	Disposals	Impairments	Fair value adjustments	Total
Investment property	46,606,200	-	-	-	-	46,606,200

Reconciliation of investment property - 2014

	Opening balance	Additions	Disposals	Transfers received	Impairments	Fair value adjustments	Total
Investment property	23,162,509	-	-	23,443,691	-	-	46,606,200

	2015 R	2014 R

8. Investment property (continued)

Details of valuation

The Valuation roll for 2012/13 has been used to determine the fair values as it is believed to reflect the market value of properties.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Fair value of investment properties		
Portion 6 of Farm Lot 5 Ca No. 8440	10,000	10,000
Portion 7 of Farm Lot 5 Ca No. 8440	20,000	20,000
Lot 56 of Padianager	33,000	33,000
Lot 1203 of Mandeni - Aloe Road	60,000	60,000
Lot 571 of Mandeni - Anderson Road	92,000	92,000
Lot 504 of Mandeni - Matthews Road	95,000	95,000
Lot 327 of Mandeni - Greig Road	121,000	121,000
Lot 1466 of Mandeni - Aloe Road	296,000	296,000
Portion 4 of Farm Lot 13 Tugela No. 13862	320,000	320,000
Portion 2 of Farm Reserve No. 21 No. 16882	360,000	360,000
The Farm Lot 5 B No. 4351 Agricultural	1,100,000	1,100,000
The Farm Lot 5 Ca No. 8440	1,890,000	1,890,000
Remainder of Farm Lot 30 Inyoni No. 13890	2,470,000	2,470,000
Portion 1 of Farm Reserve No. 21 No. 16882	16,000,000	16,000,000
Lot 1340 of Mandeni	59,500	59,500
Lot 1018 of Mandeni	154,000	154,000
Lot 175 of Padianager	41,000	41,000
Lot 181 of Tugela	41,000	41,000
Lot 48 Tugela Mouth	400,000	400,000
Portion 10 Sisalana no. 15641	8,000	8,000
Lot 185 Newark no. 2621	42,000	42,000
Portion 4 lot 9901 Newark no 2621	125,000	125,000
Portion 6 lot 9901 Newark no 2621	2,380,000	2,380,000
Various Lots Padianagar	302,000	302,000
Various lots Tugela	794,500	794,500
Various Lots Tugela Ext 3	1,559,200	1,559,200
Various Lots Mandeni Ext. 7	240,800	240,800
Various Lots Mandeni Ext. 8	17,592,200	17,592,200
	46,606,200	**46,606,200**

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There is no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	904,000	-	904,000	904,000	-	904,000
Buildings	17,263,173	(1,759,469)	15,503,704	15,911,274	(1,380,895)	14,530,379
Infrastructure	313,850,261	(79,806,012)	234,044,249	258,304,500	(62,424,904)	195,879,596
Community	44,150,960	(5,597,350)	38,553,610	37,312,673	(4,251,186)	33,061,487
Other assets	26,605,575	(7,020,196)	19,585,379	21,397,920	(5,063,381)	16,334,539
Total	**402,773,969**	**(94,183,027)**	**308,590,942**	**333,830,367**	**(73,120,366)**	**260,710,001**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Work in progress	Disposals	Revaluations	Depreciation	Total
Land	904,000	-	-	-	-	-	904,000
Buildings	14,530,379	37,000	1,314,899	-	-	(378,574)	15,503,704
Infrastructure	195,879,596	40,614,747	14,971,840	(8,171)	-	(17,413,764)	234,044,248
Community	33,061,486	311,708	6,526,579	-	-	(1,346,164)	38,553,609
Other assets	16,334,539	5,681,555	-	(168,826)	-	(2,261,889)	19,585,379
	260,710,000	**46,645,010**	**22,813,318**	**(176,997)**	**-**	**(21,400,391)**	**308,590,940**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Additions through entity combinations	Disposals	Transfers	Depreciation	Total
Land	904,000	-	-	-	-	-	904,000
Buildings	10,822,080	2,773,264	1,502,060	-	(245,537)	(321,488)	14,530,379
Infrastructure	177,702,927	12,511,339	20,311,393	-	927,059	(15,573,122)	195,879,596
Community	34,238,190	57,000	779,439	-	(681,518)	(1,331,625)	33,061,486
Other assets	8,095,903	9,840,571	-	(264,649)	-	(1,337,286)	16,334,539
	231,763,100	**25,182,174**	**22,592,892**	**(264,649)**	**4**	**(18,563,521)**	**260,710,000**

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

	2015 R	2014 R

10. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	395,309	(57,099)	338,210	-	-	-

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
Computer software	-	395,309	(57,100)	338,209

Reconciliation of intangible assets - 2014

	Opening balance	Amortisation	Total
Computer software	68,863	(68,863)	-

11. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus

	Revaluation reserve	Public contributions reserve	Accumulated surplus	Total
Balance at 01 July 2013	**151,731,208**	**50,941,129**	**147,304,644**	**349,976,981**
Surplus for the year	-	-	8,671,215	8,671,215
Correction of Prior period error	-	-	1,095,588	1,095,588
Balance at 01 July 2014	**151,731,208**	**50,941,129**	**157,071,447**	**359,743,784**
Surplus for the year	-	-	18,654,010	18,654,010
	151,731,208	**50,941,129**	**175,725,457**	**378,397,794**

12. Payables

	2015 R	2014 R
Trade payables	3,090,003	1,937,737
Retention	4,382,111	(63,659)
Other payables	2,944,495	1,369,313
Bank deposits not yet receipted	539,727	474,814
	10,956,336	3,718,205
Cashiers collections	397,532	320,145
	11,353,868	**4,038,350**

13. Consumer deposits

	2015 R	2014 R
Electricity	1,649,598	1,535,215

	2015 R	2014 R

13. Consumer deposits (continued)

No guarantees are held in lieu of Electricity Deposits.

14. VAT receivable

	2015 R	2014 R
VAT	4,344,697	-

VAT is payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors.

15. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	4,730,363	2,029,142	(958,468)	5,801,037

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave pay	2,426,371	3,095,335	(791,343)	4,730,363

The calculation for leave pay provision is based on the assumption that the balance of leave days accumulated by an individual employee should he/she terminate their employment, is payable. It is further assumed, that basic salaries reflect a true and current nature of an employee's remuneration and do not factor any retrospective changes with regards to SALGA negotiations or employee grievances.

16. Employee benefit obligations

Post retirement medical benefit plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The municipality operated on five accredited medical aid schemes, namely Keyhealth, LA Health, SAMWU, Bonitas and Hosmed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2015 by Independent Actuaries & Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

The plan is aost employment medical benefit plan.

	2015 R	2014 R

16. Employee benefit obligations (continued)

Multi-employer pension funds

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

All councillors belong to the pension fund for municipal councillors.

Employees belong to a variety of approved pension and provident funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribuon applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as asingle entity and is not divided in sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / emplyees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been exxpensed.

The amounts recognised in the statement of financial position are as follows:

	2015 R	2014 R
Carrying value		
Present value of the defined benefit obligation-partly or wholly funded	(15,267,124)	(10,986,004)

Changes in the present value of the defined benefit obligation are as follows:

	2015 R	2014 R
Opening balance	8,833,000	8,120,431
Net expense recognised in the statement of financial performance	4,054,000	712,569
	12,887,000	**8,833,000**

	2015 R	2014 R

16. Employee benefit obligations (continued)

Net expense recognised in the statement of financial performance

	2015 R	2014 R
Current service cost	630,000	490,000
Interest cost	844,000	747,000
Actuarial (gains) losses	2,727,000	(502,000)
Benefits paid	(147,000)	(22,431)
	4,054,000	**712,569**

Key assumptions used

Assumptions used at the reporting date:

	2015	2014
Expected retirement age	63	63
Discount rates used	8.96 %	9.56 %
Medical cost trend rates	7.98 %	7.80 %
Expected increase in salaries	- %	6.82 %
Consumer price inflation	6.44 %	6.29 %
Net effective discount rate	0.94 %	1.52 %
Mortality during employment	SA 85-90	SA 85-90
Mortality post employment	PA 90-1	PA 90-1

Percentage of in-service members withdrawing before retirement

	2015	2014
Age 20	16.0 %	16.0 %
Age 30	10.0 %	10.0 %
Age 40	6.0 %	6.0 %
Age 50	2.0 %	2.0 %
Age 55+	- %	- %

It is difficult to predict futre investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on goverment bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate at 30 June 2015 is 8.96% which represents the average yield from the zero coupon government bond curve over a 15 to 20 year term.

Salary Inflation Rate: This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement.

General Salary Inflation: This assumption is more stable relative to the growth in consumer Price Index (CPI) than in the absolute terms. In most industires, experience has shown, that over the long-term, slary inflation is between 1.0% and 1.5% above CPI inflation.

The implied inflation assumption is 6.44% per annum which represents the market's pricing of inflation by comparing the yields on index linked government bonds and long term government bonds, adjusting for an inflation risk premium of 0.5% per annum.

It has been assumed that the next salary increase will take place on 1 July 2016.

The next contribution increase was assumed to occur with effect from 1 January 2016.

	2015 R	2014 R

16. Employee benefit obligations (continued)

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Long service awards and retirement gifts

The independent valuers, Independent Actuaries and Consultants, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

	2015	2014
Discount rate per annum	8.33 %	8.53 %
General salary inflation (long term)	6.98 %	7.29 %
Net effective discount rate	1.26 %	1.15 %

Examples of mortality rates used were as follows:

	2015	2014
Average retirement age	63	63
Mortality during employment	SA 85-90	

Members resigned from service

	Per 1,000 members	Per 1,000 members
Age 20	160	-
Age 30	100	-
Age 40	60	-
Age 50	20	-
Age 55+	-	-

Membership summary		
Number of members	224	201
Average age of members (years)	39.5	40.1
Average past service (years)	7.4	8.0
Average salary	178,084	165,115

Benefit Structure

Service years	Award (Number of days)	Award (Number of days)
10	10	10
15	20	20
20	30	30
25	30	30
30	30	30
35	30	30
40	30	30
45	30	30

	2015 R	2014 R

16. Employee benefit obligations (continued)

Movement in the defined benefit obligation is as follows:

	2015 R	2014 R
Balance at beginning of the year	2,153,004	1,610,074
Current service cost	289,322	144,984
Interest cost	183,618	131,004
Expected benefit payments	(239,172)	(164,904)
Recognised actuarial (gains)/losses	(6,648)	431,846
Balance at end of year	**2,380,124**	**2,153,004**

The amounts recognised in the Statement of Financial Performance were as follows:

	2015 R	2014 R
Current service cost	289,322	144,984
Interest cost	183,618	131,004
Benefit payments	(239,172)	(164,904)
Actuarial (gains)/losses	(6,648)	431,846
	227,120	**542,930**

In conclusion:

	2015 R	2014 R
Statement of Financial Position obligation for		
Long Service Awards Liability	2,380,124	2,153,004
Retirement Benefit Liability	12,887,000	8,834,000
	15,267,124	**10,987,004**
Statement of Financial Performance obligation for		
Long Service Awards Expense	227,120	542,930
Retirement Benefit Expense	4,054,000	713,569
	4,281,120	**1,256,499**

Key assumptions used

In estimating the liability for long service awards (LSA) a number of assumptions are required. GRAP 25 statement places the responosibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA- this is determined by the actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time.

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on goverment bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate is 8.33% which represents the average yield from the zero coupon government bond curve over nine years which is consistent with the cash flow weighted average of the liabilities of nine years.

	2015 R	2014 R

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

	2015 R	2014 R
Unspent conditional grants and receipts		
Corridor development grant	-	49,351
Municipal system improvement grant	(2)	41
Management assistance programme	1	1
KZN Wildlife grant	(2)	(2)
IDP support grant	4	(9)
Library KZNPA grant	9	483,335
Seta grant	6	6
Economic Development grant	321,917	(9)
Small towns rehabilitation	-	152,705
Sport and recreation grant	228,344	237,490
NDP grant	6,546,198	2,644,516
MIG	-	11,729,731
Electrification grant	221,398	-
	7,317,871	**15,297,153**

See note 25 for reconciliation of grants from and receipts.

The capital grants are invested in a ring-fenced investment until utilised. See note 4 for additional information.

18. Finance lease obligation

	2015 R	2014 R
Future finance charges		
- within one year	61,299	90,505
- in second to fifth year inclusive	21,937	83,166
Present value of minimum lease payments	**83,236**	**173,671**
Present value of minimum lease payments due		
- within one year	193,531	164,255
- in second to fifth year inclusive	211,593	405,124
	405,124	**569,379**
Non-current liabilities	211,593	405,124
Current liabilities	193,531	164,255
	405,124	**569,379**
Minimum lease payment		
- within one year	254,760	254,760
- in second to fifth year inclusive	233,530	488,290
	488,290	**743,050**

The average lease term is 3 years and the average effective borrowing rate is 9.0%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased assets.

	2015 R	2014 R

19. VAT payable

VAT payable	-	707,483

The municipality is registered for VAT on the cash basis. VAT is paid over to SARS only once payment is received from debtors

All VAT 201 returns were submited through the year.

20. Revenue

Property rates	29,125,135	27,411,175
Property rates - penalties imposed	10,407,112	5,477,042
Service charges	18,253,443	17,662,764
Rental of facilities and equipment	272,915	267,238
Interest received - external investments	3,305,827	3,563,627
Fines	2,223,116	778,711
Licences and permits	723,355	44,555
Government grants & subsidies	155,442,812	114,787,731
Other income	7,511,301	4,765,234
	227,265,016	**174,758,077**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	18,253,443	17,662,764
Rental of facilities and equipment	272,915	267,238
Licences and permits	723,355	44,555
Other income	7,511,301	4,765,234
Interest received - investment	3,305,827	3,563,627
	30,066,841	**26,303,418**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	29,125,135	27,411,175
Property rates - penalties imposed	10,407,112	5,477,042
Transfer revenue		
Government grants & subsidies	155,442,812	114,787,731
Fines, Penalties and Forfeits	2,223,116	778,711
	197,198,175	**148,454,659**

21. Property rates

Rates received

Residential	7,256,090	8,885,112
Commercial	20,083,244	11,603,304
State	1,785,801	6,922,758
	29,125,135	27,411,174
Property rates - penalties imposed	10,407,112	5,477,042
	39,532,247	**32,888,216**

	2015 R	2014 R

21. Property rates (continued)

Valuations

Residential	782,106,800	763,515,100
Commercial	67,922,900	36,740,200
Industrial	905,000	905,000
Industrial Estate Special	725,674,200	742,145,900
Agricultural	980,805,950	975,510,250
Institutional	64,571,000	43,792,000
Public Services Infrastructure	516,236,500	307,073,000
Public Benefit Organisations	16,166,000	9,871,000
Municipal Properties	10,875,300	29,996,490
Vacant Land	85,369,600	89,690,600
	3,250,633,250	**2,999,239,540**

Commercial includes industrial, mining and agriculture.

State includes institutional and public services infrastructure.

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The following are the rates randage that were applied to the valuations in respect of the various categories:

Residential	R0.0105	R0.0099
Commercial	R0.0167	R0.0158
Industrial	R0.0178	R0.0168
Industrial Estate Special	R0.0155	R0.0146
Mining	R0.0199	R0.0187
Agriculture	R0.0026	R0.0025
Public Service Infrastructure	R0.0026	R0.0025
State	R0.0157	R0.0148

All residential property owners are exempt from paying rates on the first R15,000.00 value of property. All pensioners, the disabled and medically boarded owners are eligible for the rebates.

Rates are levied on an annual basis with the final date for payment being 29 May 2015 (30 May 2014).

22. Service charges

Sale of electricity	11,989,940	11,715,052
Refuse removal	6,263,503	5,947,712
	18,253,443	**17,662,764**

23. Rental of facilities and equipment

Premises		
Hall hire	126,417	120,524
Staff housing	141,498	140,464
Stalls rental	5,000	6,250
	272,915	**267,238**

Notes to the Annual Financial Statements

	2015 R	2014 R

24. Interest received - external investments

Bank and Call Deposits	3,305,827	3,563,627

25. Government grants & subsidies

Operating grants		
Equitable share	90,413,999	74,288,687
Finance Management Grant	1,800,000	1,650,000
Municipal Systems Improvement Grant	934,041	889,959
Roll Overs	-	(2)
INEP	7,479,589	-
Library Grant	2,198,966	1,206,529
Sport Facilities Grant	159,146	113,143
Economic Development Grant	278,083	3,265,674
EPWP Grant	1,646,000	1,000,000
Community Participation IDP Grant	-	200,000
	104,909,824	82,613,990
Capital grants		
MIG	39,512,718	15,454,530
NDPG	10,386,318	5,719,484
Small Towns Planning Grant	633,952	10,999,726
	50,532,988	32,173,740
	155,442,812	**114,787,730**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Balance unspent at the beginning of year	-	-
Current year receipts	90,414,000	74,288,687
Conditions met - transferred to revenue	(90,414,000)	(74,288,687)
	-	-

Finance management grant

Balance unspent at beginning of year	(9)	-
Current-year receipts	1,800,000	1,650,000
Conditions met - transferred to revenue	(1,800,000)	(1,650,009)
	(9)	**(9)**

Conditions still to be met - remain liabilities (see note 17).

This grant is used to set up and support the budget and treasury office and financing the appointment of finance interns.

	2015 R	2014 R

25. Government grants & subsidies (continued)

Municipal system improvement grant

Balance unspent at beginning of year	41	-
Current-year receipts	934,000	890,000
Conditions met - transferred to revenue	(934,000)	(889,959)
	41	**41**

Conditions still to be met - remain liabilities (see note 17).

This grant was used to implement new financial systems, the GRAP conversion process, ward participation and debt management activities.

MIG grant

Balance unspent at beginning of year	11,729,731	903
Current-year receipts	32,957,000	29,347,000
Conditions met - transferred to revenue	(44,686,731)	(17,618,172)
	-	**11,729,731**

Conditions still to be met - remain liabilities (see note 17).

This grant is used to construct roads infrastructure.

Housing grant

Conditions still to be met - remain liabilities (see note 17).

This grant is used to construct the low cost housing infrastructure by the Department of Housing (Provincial).

Neighbourhood development partnership grant

Balance unspent at beginning of year	2,644,516	7,418,179
Current-year receipts	14,288,000	8,364,000
Conditions met - transferred to revenue	(10,386,318)	(5,719,484)
Roll over not approved	-	(7,418,179)
	6,546,198	**2,644,516**

Conditions still to be met - remain liabilities (see note 17).

The focus of this grant is to stimulate and accelerate investment in poor underserviced residential neighbourhood areas.

	2015 R	2014 R

25. Government grants & subsidies (continued)

Library grant

Balance unspent at beginning of year	483,335	112,853
Current-year receipts	1,420,000	1,602,000
Conditions met - transferred to revenue	(1,903,326)	(1,231,518)
	9	**483,335**

Conditions still to be met - remain liabilities (see note 17).

This grant is utilised to fund the acquisition of library materials.

Corridor development grant

Balance unspent at beginning of year	49,351	88,457
Conditions met - transferred to revenue	(49,351)	(39,106)
	-	**49,351**

Conditions still to be met - remain liabilities (see note 17).

This grant is used to promote local economic development on tourism nodes identified by the KZN Corridor Development Programme within the northern municipal planning region. A beach facility has been created.

Sport and recreation grant

Balance unspent at beginning of year	237,490	350,633
Conditions met - transferred to revenue	(9,146)	(113,143)
	228,344	**237,490**

Conditions still to be met - remain liabilities (see note 17).

Department of sport and recreation provides funds for the development of local sport facilities.

SMME grant

Balance unspent at beginning of year	-	17,912
Current-year receipts	-	13,959
Conditions met - transferred to revenue	-	(31,871)
	-	**-**

Conditions still to be met - remain liabilities (see note 17).

This grant was used to capacitate SMMEs.

	2015 R	2014 R

25. Government grants & subsidies (continued)

KZN Wildlife grant

Balance unspent at beginning of year	(2)	2
Conditions met - transferred to revenue	-	(10,842)
Other	-	10,838
	(2)	**(2)**

Conditions still to be met - remain liabilities (see note 17).

Provide explanations of conditions still to be met and other relevant information.

Economic Development grant

Balance unspent at beginning of year	(9)	442,389
Current-year receipts	321,926	3,270,994
Conditions met - transferred to revenue	-	(3,713,392)
	321,917	**(9)**

Conditions still to be met - remain liabilities (see note 17).

Provide explanations of conditions still to be met and other relevant information.

Small towns rehabilitation grant

Balance unspent at beginning of year	152,705	2,720,087
Current-year receipts	-	10,829,000
Conditions met - transferred to revenue	(152,705)	(13,396,382)
	-	**152,705**

Conditions still to be met - remain liabilities (see note 17).

For the creation of informal trading stalls and the beautification of the Mandeni town.

Electrification Grant

Current-year receipts	9,000,000	-
Conditions met - transferred to revenue	(8,778,602)	-
	221,398	**-**

Conditions still to be met - remain liabilities (see note 17).

Provide explanations of conditions still to be met and other relevant information.

	2015 R	2014 R

26. Other income

Building Plan Fees	92,918	109,429
Sundry Income	497,235	151,709
Tuck shop-Swimming Pool	-	479
Donation Income	166,365	21,227
Connection Fees	6,312	18,052
Swimming Pool	11,854	26,472
Photocopier Charges	32,937	12,092
Rates Clearance certificates	11,217	23,404
Reconnection Fees	74,411	121,112
Capacity Building	-	102,401
Vat input-Grants conditions met	6,576,684	4,175,825
Business Licences	20,383	2,708
Town Planning Fees	20,857	324
Traffic Escort Services/Public Safety	128	-
	7,511,301	**4,765,234**

27. Employee related costs

Basic	37,541,745	29,688,216
Medical aid - company contributions	2,964,789	2,076,301
UIF	298,827	250,775
WCA	35,107	31,994
SDL	523,972	433,932
Leave pay contribution	3,614,276	4,190,923
Defined contribution plans	5,284,420	4,240,335
Overtime payments	642,348	706,303
Car allowance	2,037,619	1,416,529
Housing benefits and allowances	38,429	22,550
Cellphone Allowance	318,288	271,085
Pension surcharges	734,682	111,020
	54,034,502	**43,439,963**

There were no advances to employees/Loans to employees are set out in note 6.

Remuneration of Municipal Manager

Annual Remuneration	928,056	803,834
Car Allowance	226,689	265,317
Contributions to UIF, Medical and Pension Funds	28,194	12,467
	1,182,939	**1,081,618**

Remuneration of Chief Finance Officer

Annual Remuneration	725,100	664,224
Car Allowance	263,760	244,260
Contributions to UIF, Medical and Pension Funds	11,912	10,608
	1,000,772	**919,092**

	2015 R	2014 R

27. Employee related costs (continued)

Remuneration of Directors (Corporate services)

Annual Remuneration	669,360	610,284
Car Allowance	319,500	286,200
Contributions to UIF, Medical and Pension Funds	12,234	10,593
	1,001,094	**907,077**

Remuneration of Director (Community Services)

Annual Remuneration	813,360	313,535
Car Allowance	175,500	65,000
Contributions to UIF, Medical and Pension Funds	11,722	4,509
	1,000,582	**383,044**

Remuneration of Directors (Technical services)

Annual Remuneration	831,360	770,484
Car Allowance	157,500	138,000
Contributions to UIF, Medical and Pension Funds	12,392	10,770
	1,001,252	**919,254**

Remeneration of Directors (Planning and economics development)

Annual Remuneration	757,052	679,584
Car Allowance	221,591	201,249
Contributions to UIF, Medical and Pension Funds	11,706	10,340
	990,349	**891,173**

Total employee related cost	**58,626,356**	**47,445,632**

28. Remuneration of councillors

Executive Mayor	521,761	488,776
Deputy Executive Mayor	528,919	439,741
Mayoral Committee Members	771,076	602,927
Speaker	429,907	391,980
Councillors	4,903,370	4,843,143
Councillors allowances	2,488,606	2,392,698
	9,643,639	**9,159,265**

	2015 R	2014 R

28. Remuneration of councillors (continued)

In-kind benefits

The Mayor, Deputy Mayor and Speaker are full-time. Except the Deputy Mayor each is provided with an office and secretarial support at the cost of the Council.

The Speaker and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has right of use of the two Council owned vehicle for official duties.

The Mayor has two full-time bodyguards.

29. Debt impairment

	2015 R	2014 R
Debt impairment	-	831,291
Contributions to debt impairment provision	20,108,708	17,025,789
	20,108,708	**17,857,080**

30. Depreciation and amortisation

	2015 R	2014 R
Property, plant and equipment	21,400,392	18,563,521
Intangible assets	57,100	68,863
	21,457,492	**18,632,384**

31. Auditors' remuneration

	2015 R	2014 R
Audit fees	1,435,493	1,397,966

32. Bulk purchases

	2015 R	2014 R
Electricity	8,112,359	8,128,413

33. Contracted services

	2015 R	2014 R
Information Technology Services	1,344,583	-
Fleet Services	3,423,542	-
Security Services	4,987,776	3,252,020
Other Contractors	11,514,575	7,718,804
	21,270,476	**10,970,824**

Enforce Security and Libra Security are responsible of the security of the municipal property.

Mandeni Waste Removal is responsible for the removal of solid waste management.

Notes to the Annual Financial Statements

	2015 R	2014 R

34. Grants and subsidies paid

	2015 R	2014 R
Other subsidies		
Finance Management Grant	1,693,773	1,650,000
Municipal Systems Improvement Grant	934,041	762,875
INEP	7,479,589	-
NDPG Capital Expenditure	-	190,000
Library Grant	1,612,662	1,149,870
Sport facilities Grant	159,146	113,143
Economic Development grant	278,083	-
Small Towns Rehabilitation Grant	133,952	-
	12,291,246	**3,865,888**

35. Repairs and maintenance

	2015 R	2014 R
Air conditioning	15,969	29,383
Building - Civil	1,526,683	777,379
Buildings - Electrical	67,495	108,175
Disaster management	41,290	36,650
Electricity reticulation	955,750	759,016
Fire protection	(2)	2,410,304
Office equipment	301,409	150,491
Parks and gardens	3,083,692	2,081,211
Plant and equipment	1,427,215	935,381
Pool chemicals	57,799	21,857
Pool general reticulation	15,150	31,825
Street name plates	-	63,410
Road signs and markings	195,981	22,612
Roads and sidewalks	1,832,293	899,423
Traffic lights	213,361	241,737
Vehicles	202,552	308,623
Zibambele programme	1,826,456	1,573,607
	11,763,093	**10,451,084**

36. General expenses

	2015 R	2014 R
Advertising	489,888	233,636
Aids awareness	369,478	207,051
Audit committee fees	121,181	109,759
Auditors remuneration	1,435,493	1,397,966
Bank charges	286,193	256,848
Contributions to capital outlay	(93,450)	360,000
Dog unit	-	5,811
Electricity - health	-	32,926
Electricity - internal	956,336	858,545
Enviromental Management Framework	1,205,029	690,726
Environmental forum	-	6,749
Fire arm shooting	-	28,975
Fuel and oil	2,635,068	2,879,968
GRAP implementation	-	175,439
Health supplies	-	146,080
Hire Charges	671,686	663,496
Hostel charges	-	82,845
Insurance	512,501	281,987
Internal audit	548,879	535,925
LED Forum	3,864,734	2,509,449
Lease rentals on operating lease	2,346,675	2,325,608
Legal and professional fees	5,031,282	4,043,287
Licences	1,691,097	961,755
Literature acts and books	15,908	10,595
Office cleaning	338,855	108,123
Office tea	190,915	134,679
Pauper / Indigent burial	66,377	59,090
Postage and courier	327,870	395,147
Printing and stationery	497,060	629,666
Property revaluations	147,743	99,708
Protection services	-	606
Public functions	206,179	675,161
Public participation	1,764,466	1,585,976
Publications	137,175	405,618
Rates- Council properties	3,845	9,997
Refuse	23,002	54,909
Shared services	479,678	810,778
Small tools	38,113	15,210
Special programmes	1,633,575	3,436,580
Sport and recreation	619,653	640,916
Subscriptions and membership fees	337,555	429,852
Subsistance and travelling	2,952,391	2,806,334
Sundry expenses	799,939	595,744
Telephone and fax	1,700,104	1,535,370
Town planning costs	34,396	91,798
Training	1,410,462	966,070
Transport and freight	8,611	-
Uniforms	229,772	154,432
Ward committees	1,808,095	1,603,614
Water	442,974	437,803
Workmens compensation	645,092	212,825
Youth programmes	256,706	226,128

	2015 R	2014 R

36. General expenses (continued)

	39,188,581	**36,927,560**

37. Cash generated from operations

Surplus	18,654,010	9,766,794
Adjustments for:		
Depreciation and amortisation	21,457,492	18,632,384
Loss on sale of assets and liabilities	-	264,647
Write down of Inventory	-	226
Interest income	(60,883)	(50,120)
Debt impairment	20,108,708	17,025,789
Movements in employee benefit obligations	4,281,120	1,255,499
Movements in provisions	1,070,674	-
Movement in accumulated surplus	60,883	1,295,004
Prior year error adjustment: Bonus accrual	1,095,588	-
Changes in working capital:		
Inventories	28,775	(167,417)
Other receivables from exchange transactions	(15,243,540)	(3,273,891)
Other receivables from non-exchange transactions	(7,919,334)	(13,805,874)
Payables	7,315,516	(451,378)
VAT	(5,052,180)	791,042
Unspent conditional grants and receipts	(7,979,282)	4,163,659
Consumer deposits	114,383	194,318
	37,931,930	**35,640,682**

38. Call investment deposits, and Cash and cash equivalents

Cash and cash equivalents	935,527	618,524
Call investment deposits	28,121,695	60,286,785
	29,057,222	**60,905,309**

39. Prior period errors

Reclassification of provision for leave resulting in the line item being shown separately on the face of the balance sheet as per GRAP 1.76 .

Correction of prior year error due to non accrual of bonus obligation to stuff in 2013/2014 in terms of GRAP 25

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Investment property	-	23,635,492
Payables	(1,095,588)	-
Payables	4,730,363	-
Provision for leave	(4,730,363)	-
Retention	63,659	-
Other Payables	(63,659)	-
Opening Accumulated Surplus or Deficit	1,095,588	(23,635,492)

	2015 R	2014 R

40. Fruitless and wasteful expenditure

	2015 R	2014 R
Reconciliation of fruitless and wasteful expenditure		
Opening balance	5,705	17,599
Fruitless and wasteful expenditure current year	31,137	5,705
Condoned or written off by Council	-	-
To be recovered - contingent asset	(5,705)	(17,599)
Fruitless and wasteful expenditure awaiting condonement	**31,137**	**5,705**

SARS interest and penalties due to disputed VAT vendors claimed without VAT complient documents

41. Irregular expenditure

	2015 R	2014 R
Reconciliation of irregular expenditure		
Opening balance	-	1,466,375
Irregular Expenditure - current year	217,681	-
Condoned or written off by Council	-	(1,466,375)
Irregular expenditure awaiting condonement	**217,681**	-

Details of irregular expenditure

Incident	Disciplinary steps taken/criminal proceedings	2015 R	2014 R
No public invitation was made for quotations above R30,000	Not applicable	217,681	-

Unauthorized Expenditure

	2015 R	2014 R
Debt impairement	16,890,614	15,015,081
Depreciation	2,484,146	16,632,384
Employee related costs	2,796,902	4,303,632
	22,171,662	**35,951,097**

Identified unauthorised expenditure was due to the accrual basis of budgeting against the cash basis of reporting. The depreciation is the backlog depreciation on revaluated assets where as the implementation of the job evaluation resulted in the increase on employee related costs. Adjustement budget was adopted to address other general overspending.

Supply chain management- Regulation 45

SUPPLIER	INTEREST DISCLOSED	1
Fana Manufacturing cc	Clothing SALGA games attire	878,296
Conlog (Pty) Ltd	N/A - No direct benefit -Smart meter installation	1
Ricinz Construction	N/A - No direct benefit -Construction	1
		878,299

Details of irregular expenditure – prior year

-

	2015 R	2014 R

42. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	-	-
Current year subscription / fee	337,555	212,825
Amount paid - current year	(337,555)	(212,825)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

Audit fees

Opening balance	-	-
Current year subscription / fee	1,420,712	1,397,965
Amount paid - current year	(1,420,712)	(1,397,965)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

VAT

VAT receivable	4,344,697	-
VAT payable	-	707,483
	4,344,697	**707,483**

PAYE and UIF

Opening balance	-	-
Current year subscription / fee	8,594,636	6,538,739
Amount paid - current year	(8,594,636)	(6,538,739)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

The balance represents PAYE and UIF deducted from the June 2014 payroll. These amounts were paid during July 2015.

Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	12,503,697	10,152,632
Amount paid - current year	(12,503,697)	(10,152,632)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

The balance represents pension and medical aid contributions deducted from employees payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2015.

	2015 R	2014 R

42. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2015:

30 June 2015	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Dube EL	468	11,605	12,073
Shembe LR	1,422	10,174	11,596
Zibane JS	-	9,135	9,135
	1,890	**30,914**	**32,804**

30 June 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Dube LE	567	8,390	8,957
Gumede MM	772	30,129	30,901
Zibane JS	656	18,482	19,138
Ziqubu MM	446	943	1,389
Masondo NP	375	1,013	1,388
	2,816	**58,957**	**61,773**

Material losses through Electricity distribution

	2015	2014
Current year subscription / fee	191,763	192,216

No disciplinary actions will be taken as the losses are not due to negligence. Council has finalised the installation of smart meters that will help to the prosess of addressing this technical loss via a meter audit programme and monthly reconciliation.

The amount of losses are equivalent to 1037203 Kwh (480141 KwH : 2014) loss of energy.

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and condoned by Council. The expenses incurred as listed hereunder have been condoned.

Incident	2015	2014
Emergency storm repairs municipal buildings	411,920	-
Minor breaches in terms of section 36 (2)	946,531	-
	1,358,451	**-**

	2015 R	2014 R

43. Commitments

Commitments in respect of capital expenditure

	2015 R	2014 R
Approved and contracted for		
• Property, plant and equipment	57,017,035	-
• Other financial assets	221,397	14,373,343
	57,238,432	**14,373,343**
Total capital commitments		
Already contracted for but not provided for	57,238,432	14,373,343

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

	2015 R	2014 R
Minimum lease payments due		
- within one year	1,232,020	-
- in second to fifth year inclusive	1,232,020	-
- later than five years	-	-
	2,464,040	-

Operating leases consist of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

44. Retirement benefit information

Defined Benefit Plan

The following are defined benefit plans: Natal Joints Superannuation, Retirement and Provident Funds (NJMP). These are not treated as defined benefit plans as defined by GRAP 25, but are accounted for as defined contribution plans. This is in line with the exemption in GRAP 25 par. 31 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by multi-employer plan. It is therefore deemed impractical to obtain this information at a suitable level of detail. Current contributions by council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every 5 years. The last valuation was done on 31 March 2006.

An interim valuation carried on the NJMP Superannuation (Defined Benefit) at 31 March 2006 concluded that the surcharge of 6% be retained for the year 30 June 2007 and thereafter at 4.5%.

The latest statutory valuation of the NJMP Retirement (Defined Benefit) as at 31 March 2007 reflects a fund deficit of R229,8 million in respect of the members. The total contribution rate payable, including the total surcharge of 14%, will eliminate the deficit by the year 2010.

44. Retirement benefit information (continued)

The latest statutory valuation of the NJMP Provident Fund (Defined Contribution) as at 03 March 2007 revealed that the fund was in a sound financial position.

An amount of R4 054 000 was contributed by council in respect of councillors' and employees' retirement funding. These contributions have been expensed and are included in employee related costs for the year.

45. Contingencies

Contingent liabilities

The municipality is defending the below mentioned cases for which the outcome cannot be confirmed as well as the final costs of liability represented by legal councils.

- Case against K E Mkhwanazi for the amount of R50 000.00 defended by Mathew Francis Inc. Eviction order

46. Related parties

No related party transactions and/or balances.

47. Events after the reporting date

There are no events that were reported at the reporting date.

48. Key sources of estimation uncertainty and judgements

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant and equipment
- Provision for doubtful debts
- Impairment of assets

49. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

	2015 R	2014 R

49. Risk management (continued)

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	3,090,001	-	-	-
Consumer deposits	1,649,598	-	-	-

At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	3,572,377	-	-	-
Consumer deposits	1,535,215	-	-	-

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The municipality's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the municipality's capacity to service such debt from future earnings and allocations however the long term loan's interest rate is fixed throughout the term of repayment. Balances exposed to the interest rate risk. The municipality's policy is to further manage interest rate risks so that fluctuations in interest rates do not have a material impact on the net surplus/ deficit.

	2015	2014
Investments	28,121,696	60,286,785
Cash and cash equivalents	935,527	618,524
	29,057,223	**60,905,309**

49. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Receivables from non-exchange transactions	26,236,851	18,317,516
Receivables from exchange transactions	6,164,174	11,029,343
Cash and cash equivalents	935,527	618,524
Call investment deposits	28,121,695	60,286,785
Trade and other receivables from exchange transactions	6,164,174	11,029,342
VAT receivable	4,125,758	-
Other receivables	638,090	11,603,242
	10,928,022	**22,632,584**

50. Budget differences

Material differences between budget and actual amounts

The material difference between approved budget and actual result are the consequence of activities during the financial period. For details on the comparatives please refer to pages ? to ? in the annual report.

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis and which deals only with the general government sector that excludes government business enterprises and certain other non-market government entities and activities.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes please refer to pages to in the annual report

Mandeni Municipality
Appendix A

Unaudited schedule of external loans as at 30 June 2015

	Loan Number	Redeemable	Balance at 30 June 2014 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2015 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			-	-	-	-	-	-
			569,379	(164,255)	-	405,124	-	405,124
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			569,379	**(164,255)**	-	**405,124**	-	**405,124**
Annuity loans			-	-	-	-	-	-
Government loans			-	-	-	-	-	-
Total external loans			-	-	-	-	-	-
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			-	-	-	-	-	-
Annuity loans			569,379	(164,255)	-	405,124	-	405,124
			-	-	-	-	-	-

Unaudited schedule of external loans as at 30 June 2015

	Loan Number	Redeemable	Balance at 30 June 2014 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2015 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Government loans			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			569,379	(164,255)	-	405,124	-	405,124

Mandeni Municipality
Mandeni Municipality
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	904,000	-	-	-	-	-	904,000	-	-	-	-	-	-	904,000
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	15,911,273	37,000	-	1,314,899	-	-	17,263,172	(1,380,895)	-	-	(378,575)	-	(1,759,470)	15,503,702
	16,815,273	**37,000**	**-**	**1,314,899**	**-**	**-**	**18,167,172**	**(1,380,895)**	**-**	**-**	**(378,575)**	**-**	**(1,759,470)**	**16,407,702**
Infrastructure														
Pavements & Bridges	6,983,004	-	-	-	-	-	6,983,004	(1,137,935)	-	-	(290,908)	-	(1,428,843)	5,554,161
Storm water	15,209,442	9,899,664	-	(6,911,052)	-	-	18,198,054	(3,120,836)	-	-	(1,346,281)	-	(4,467,117)	13,730,937
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	2,007,623	2,101,838	-	451,543	-	-	4,561,004	(263,125)	-	-	(100,565)	-	(363,690)	4,197,314
Street lighting	2,824,430	-	-	-	-	-	2,824,430	(536,933)	-	-	(224,347)	-	(761,280)	2,063,150
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Terminals	704,238	-	-	-	-	-	704,238	(138,338)	-	-	(40,591)	-	(178,929)	525,309
Roads	230,318,845	28,590,607	-	21,431,349	-	-	280,340,801	(57,169,956)	-	-	(15,380,957)	-	(72,550,913)	207,789,888
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Secirity Measures	256,904	22,639	(40,820)	-	-	-	238,723	(57,785)	32,656	-	(30,115)	-	(55,244)	183,479
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	258,304,486	**40,614,748**	**(40,820)**	**14,971,840**	**-**	**-**	**313,850,254**	**(62,424,908)**	**32,656**	**-**	**(17,413,764)**	**-**	**(79,806,016)**	**234,044,238**
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	14,135,528	-	-	6,668,057	-	-	20,803,585	(1,977,344)	-	-	(564,620)	-	(2,541,964)	18,261,621
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	21,597,075	311,708	-	(141,477)	-	-	21,767,306	(1,725,922)	-	-	(736,400)	-	(2,462,322)	19,304,984
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	1,580,077	-	-	-	-	-	1,580,077	(547,920)	-	-	(45,144)	-	(593,064)	987,013
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	37,312,680	**311,708**	**-**	**6,626,580**	**-**	**-**	**44,150,968**	**(4,251,186)**	**-**	**-**	**(1,346,164)**	**-**	**(5,597,350)**	**38,553,618**

Mandeni Municipality
Mandeni Municipality
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	8,950,388	1,554,880	(104,652)	-	-	-	10,400,616	(1,578,405)	83,722	-	(988,248)	-	(2,482,931)	7,917,685
Plant & equipment	6,009,326	806,996	(13,546)	-	-	-	6,802,776	(1,530,918)	10,791	-	(397,247)	-	(1,917,374)	4,885,402
Computer Equipment	2,513,097	2,067,637	(226,701)	-	-	-	4,354,033	(814,401)	118,563	-	(444,125)	-	(1,139,963)	3,214,070
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	1,437,756	529,380	(18,850)	-	-	-	1,948,286	(350,738)	7,442	-	(113,350)	-	(456,646)	1,491,640
Office Equipment	811,680	506,114	(109,830)	-	-	-	1,207,964	(406,260)	84,342	-	(110,451)	-	(432,369)	775,595
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tools and Equipments	781,969	11,400	(320)	-	-	-	793,049	(251,650)	214	-	(124,775)	-	(376,211)	416,838
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Equipment	84,491	204,687	-	-	-	-	289,178	(36,848)	-	-	(7,695)	-	(44,543)	244,635
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	798,299	461	-	-	-	-	798,760	(85,426)	-	-	(75,998)	-	(161,424)	637,336
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinic Epuipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	10,917	-	-	-	-	-	10,917	(8,734)	-	-	-	-	(8,734)	2,183
	21,397,923	5,681,665	(473,899)	-	-	-	26,605,679	(5,063,380)	305,074	-	(2,261,889)	-	(7,020,195)	19,585,384

Mandeni Municipality
Mandeni Municipality
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2015

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	16,815,273	37,000	-	1,314,899	-	-	18,167,172	(1,380,895)	-	-	(378,575)	-	(1,759,470)	16,407,702
Infrastructure	258,304,486	40,614,748	(40,820)	14,971,840	-	-	313,850,254	(62,424,908)	32,656	-	(17,413,764)	-	(79,806,016)	234,044,238
Community Assets	37,312,680	311,708	-	6,526,580	-	-	44,150,968	(4,251,186)	-	-	(1,346,164)	-	(5,597,350)	38,553,618
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	21,397,923	5,681,555	(473,899)	-	-	-	26,605,579	(5,063,380)	305,074	-	(2,261,889)	-	(7,020,195)	19,585,384
	333,830,362	**46,645,011**	**(514,719)**	**22,813,319**	**-**	**-**	**402,773,973**	**(73,120,369)**	**337,730**	**-**	**(21,400,392)**	**-**	**(94,183,031)**	**308,590,942**
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	395,309	-	-	-	-	395,309	-	-	-	(57,099)	-	(57,099)	338,210
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	**395,309**	-	-	-	-	**395,309**	-	-	-	**(57,099)**	-	**(57,099)**	**338,210**
Investment properties														
Investment property	46,606,200	-	-	-	-	-	46,606,200	-	-	-	-	-	-	46,606,200
	46,606,200	-	-	-	-	-	**46,606,200**	-	-	-	-	-	-	**46,606,200**
Total														
Land and buildings	16,815,273	37,000	-	1,314,899	-	-	18,167,172	(1,380,895)	-	-	(378,575)	-	(1,759,470)	16,407,702
Infrastructure	258,304,486	40,614,748	(40,820)	14,971,840	-	-	313,850,254	(62,424,908)	32,656	-	(17,413,764)	-	(79,806,016)	234,044,238
Community Assets	37,312,680	311,708	-	6,526,580	-	-	44,150,968	(4,251,186)	-	-	(1,346,164)	-	(5,597,350)	38,553,618
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	21,397,923	5,681,555	(473,899)	-	-	-	26,605,579	(5,063,380)	305,074	-	(2,261,889)	-	(7,020,195)	19,585,384
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	395,309	-	-	-	-	395,309	-	-	-	(57,099)	-	(57,099)	338,210
Investment properties	46,606,200	-	-	-	-	-	46,606,200	-	-	-	-	-	-	46,606,200
	380,436,562	**47,040,320**	**(514,719)**	**22,813,319**	**-**	**-**	**449,775,482**	**(73,120,369)**	**337,730**	**-**	**(21,457,491)**	**-**	**(94,240,130)**	**355,535,352**

Mandeni Municipality
Mandeni Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	904,000	-	-	-	-	-	904,000	-	-	-	-	-	-	904,000
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	11,635,949	2,773,264	-	1,502,060	-	-	15,911,273	(1,059,407)	-	-	(321,488)	-	(1,380,895)	14,530,378
	12,539,949	**2,773,264**	-	**1,502,060**	-	-	**16,815,273**	**(1,059,407)**	-	-	**(321,488)**	-	**(1,380,895)**	**15,434,378**
Infrastructure														
Pavements & Bridges	6,766,000	217,004	-	-	-	-	6,983,004	(852,592)	-	-	(285,343)	-	(1,137,935)	5,845,069
Storm water	14,954,436	255,006	-	-	-	-	15,209,442	(2,267,321)	-	-	(853,515)	-	(3,120,836)	12,088,606
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	1,925,562	-	-	82,061	-	-	2,007,623	(191,156)	-	-	(71,969)	-	(263,125)	1,744,498
Street lighting	2,824,430	-	-	-	-	-	2,824,430	(312,571)	-	-	(224,362)	-	(536,933)	2,287,497
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Terminals	704,238	-	-	-	-	-	704,238	(97,747)	-	-	(40,591)	-	(138,338)	565,900
Roads	188,207,268	11,882,245	-	20,229,332	-	-	230,318,845	(43,097,212)	-	-	(14,072,744)	-	(57,169,956)	173,148,889
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Measures	99,819	157,084	-	-	-	-	256,903	(33,186)	-	-	(24,599)	-	(57,785)	199,118
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	225,481,753	**12,511,339**	-	**20,311,393**	-	-	**258,304,485**	**(46,851,785)**	-	-	**(15,573,123)**	-	**(62,424,908)**	**195,879,577**
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	13,497,621	-	-	637,907	-	-	14,135,528	(1,412,724)	-	-	(564,620)	-	(1,977,344)	12,158,184
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	21,455,543	-	-	141,532	-	-	21,597,075	(999,905)	-	-	(726,017)	-	(1,725,922)	19,871,153
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	1,523,077	57,000	-	-	-	-	1,580,077	(506,933)	-	-	(40,987)	-	(547,920)	1,032,157
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	36,476,241	**57,000**	-	**779,439**	-	-	**37,312,680**	**(2,919,562)**	-	-	**(1,331,624)**	-	**(4,251,186)**	**33,061,494**

Mandeni Municipality
Mandeni Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation | Accumulated depreciation

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	2,444,473	6,558,596	(52,662)	-	-	-	**8,950,407**	(1,158,991)	6,545	-	(425,959)	-	**(1,578,405)**	7,372,002
Plant & equipment	5,505,646	590,767	(87,087)	-	-	-	**6,009,326**	(1,240,807)	64,946	-	(355,057)	-	**(1,530,918)**	4,478,408
Computer Equipment	1,918,167	1,095,814	(500,884)	-	-	-	**2,513,097**	(927,912)	358,101	-	(244,590)	-	**(814,401)**	1,698,696
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	1,193,153	289,487	(44,884)	-	-	-	**1,437,756**	(280,930)	26,587	-	(96,395)	-	**(350,738)**	1,087,018
Office Equipment	866,502	167,938	(222,761)	-	-	-	**811,679**	(521,598)	177,720	-	(62,382)	-	**(406,260)**	405,419
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	82,146	-	(82,146)	-	-	-	-	(59,450)	65,395	-	(5,945)	-	-	-
Tools and Equipment	334,925	455,155	(8,111)	-	-	-	**781,969**	(137,289)	6,489	-	(120,850)	-	**(251,650)**	530,319
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Equipment	84,473	-	-	-	-	-	**84,473**	(67,578)	30,729	-	-	-	**(36,849)**	47,624
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	115,485	682,814	-	-	-	-	**798,299**	(59,318)	-	-	(26,108)	-	**(85,426)**	712,873
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinic equipment	9,024	-	(9,024)	-	-	-	-	(7,219)	7,219	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	15,014	-	(4,097)	-	-	-	**10,917**	(12,011)	3,277	-	-	-	**(8,734)**	2,183
	12,569,008	**9,840,571**	**(1,011,666)**	-	-	-	**21,397,923**	**(4,473,103)**	**747,008**	-	**(1,337,286)**	-	**(5,063,381)**	**16,334,542**

Mandeni Municipality
Mandeni Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	12,539,949	2,773,264	-	1,502,060	-	-	16,815,273	(1,059,407)	-	-	(321,488)	-	(1,380,895)	15,434,378
Infrastructure	225,481,753	12,511,339	-	20,311,393	-	-	258,304,485	(46,851,785)	-	-	(15,573,123)	-	(62,424,908)	195,879,577
Community Assets	36,476,241	57,000	-	779,439	-	-	37,312,680	(2,919,562)	-	-	(1,331,624)	-	(4,251,186)	33,061,494
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	12,569,008	9,840,571	(1,011,656)	-	-	-	21,397,923	(4,473,103)	747,008	-	(1,337,286)	-	(5,063,381)	16,334,542
	287,066,951	**25,182,174**	**(1,011,656)**	**22,592,892**	-	-	**333,830,361**	**(55,303,857)**	**747,008**	-	**(18,563,521)**	-	**(73,120,370)**	**260,709,991**
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	344,315	-	-	(344,315)	-	-	-	(275,451)	275,451	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	344,315	-	-	**(344,315)**	-	-	-	**(275,451)**	**275,451**	-	-	-	-	-
Investment properties														
Investment property	23,162,500	-	-	-	23,443,700	-	46,606,200	-	-	-	-	-	-	46,606,200
	23,162,500	-	-	-	**23,443,700**	-	**46,606,200**	-	-	-	-	-	-	**46,606,200**
Total														
Land and buildings	12,539,949	2,773,264	-	1,502,060	-	-	16,815,273	(1,059,407)	-	-	(321,488)	-	(1,380,895)	15,434,378
Infrastructure	225,481,753	12,511,339	-	20,311,393	-	-	258,304,485	(46,851,785)	-	-	(15,573,123)	-	(62,424,908)	195,879,577
Community Assets	36,476,241	57,000	-	779,439	-	-	37,312,680	(2,919,562)	-	-	(1,331,624)	-	(4,251,186)	33,061,494
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	12,569,008	9,840,571	(1,011,656)	-	-	-	21,397,923	(4,473,103)	747,008	-	(1,337,286)	-	(5,063,381)	16,334,542
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	344,315	-	-	(344,315)	-	-	-	(275,451)	275,451	-	-	-	-	-
Investment properties	23,162,500	-	-	-	23,443,700	-	46,606,200	-	-	-	-	-	-	46,606,200
	310,573,766	**25,182,174**	**(1,011,656)**	**22,248,577**	**23,443,700**	-	**380,436,561**	**(55,579,308)**	**1,022,459**	-	**(18,563,521)**	-	**(73,120,370)**	**307,316,191**

Mandeni Municipality
Appendix C

Unaudited Segmental analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	997,743	130,353	(79,530)	-	-	-	**1,048,566**	(140,496)	41,800	-	(100,788)	-	**(199,484)**	849,082
Finance & Admin/Finance	10,732,194	3,729,431	(159,034)	1,314,899	-	-	**15,617,490**	(1,565,089)	87,423	-	(684,402)	-	**(2,162,068)**	13,455,422
Planning and Development/Economic Development/Plan	23,664,485	92,209	(1,553)	-	-	-	**23,755,141**	(80,761)	1,242	-	(36,779)	-	**(116,298)**	23,638,843
Health/Clinics	810,102	-	(10,102)	-	-	-	**800,000**	(87,386)	8,082	-	(19,799)	-	**(99,103)**	700,897
Comm. & Social/Libraries and archives	59,175,988	1,020,031	(62,660)	(141,477)	-	-	**59,991,882**	(3,665,643)	43,627	-	(1,304,742)	-	**(4,926,758)**	55,065,124
Housing	17,488	-	-	-	-	-	**17,488**	(2,344)	-	-	(2,619)	-	**(4,963)**	12,525
Public Safety/Police	972,485	878,431	(46,161)	-	-	-	**1,804,755**	(193,635)	34,596	-	(113,478)	-	**(272,517)**	1,532,238
Sport and Recreation	7,557,873	509,349	-	6,668,057	-	-	**14,735,279**	(1,527,878)	-	-	(372,025)	-	**(1,899,903)**	12,835,376
Environmental Protection/Pollution Control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Water Management/Sewerage	4,227,210	-	-	-	-	-	**4,227,210**	(23,365)	-	-	(474,129)	-	**(497,494)**	3,729,716
Road Transport/Roads	269,931,005	38,574,898	(148,670)	14,520,297	-	-	**322,877,530**	(65,494,252)	115,354	-	(18,227,649)	-	**(83,606,547)**	239,270,983
Water/Water Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity /Electricity Distribution	2,349,990	2,105,618	(7,009)	451,543	-	-	**4,900,142**	(339,522)	5,607	-	(121,082)	-	**(454,997)**	4,445,145
Other/Air Transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	380,436,563	**47,040,320**	**(514,719)**	**22,813,319**	-	-	**449,775,483**	**(73,120,371)**	**337,731**	-	**(21,457,492)**	-	**(94,240,132)**	**355,535,351**
Municipal Owned Entities														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Municipality	380,436,563	47,040,320	(514,719)	22,813,319	-	-	**449,775,483**	(73,120,371)	337,731	-	(21,457,492)	-	**(94,240,132)**	355,535,351
Municipal Owned Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Unaudited Segmental analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation							Accumulated Depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
380,436,563	47,040,320	(514,719)	22,813,319	-	-	449,775,483	(73,120,371)	337,731	-	(21,457,492)	-	(94,240,132)	355,535,351

Mandeni Municipality
Unaudited Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**		**Actual Income Rand**	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**
			Municipality			
-	33,282,769	(33,282,769)	Executive & Council/Mayor and Council	20,000	34,394,632	(34,374,632)
119,776,153	63,822,962	55,953,191	Finance & Admin/Finance	147,009,663	79,583,288	67,426,375
35,589,168	19,846,091	15,743,077	Planning and Development/Economic Development/Plan	51,091,726	24,949,176	26,142,550
-	288,666	(288,666)	Health/Clinics	-	-	-
1,453,349	8,984,549	(7,531,200)	Comm. & Social/Libraries and archives	2,434,161	10,089,257	(7,655,096)
-	6,222	(6,222)	Housing	-	147	(147)
110,555	6,058,330	(5,947,775)	Public Safety/Police	847,786	14,513,772	(13,665,986)
26,950	549,350	(522,400)	Sport and Recreation	11,854	686,367	(674,513)
-	5,467,678	(5,467,678)	Environmental Protection/Pollution Control	-	6,613,383	(6,613,383)
5,947,712	7,929,126	(1,981,414)	Waste Water Management/Sewerage	6,263,503	7,440,903	(1,177,400)
-	6,805,733	(6,805,733)	Road Transport/Roads	-	8,661,645	(8,661,645)
-	-	-	Water/Water Distribution	-	-	-
11,854,902	11,950,426	(95,524)	Electricity /Electricity Distribution	19,550,252	20,231,716	(681,464)
-	-	-	Other/Air Transport	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
174,758,789	**164,991,902**	**9,766,887**		**227,228,945**	**207,164,286**	**20,064,659**
			Municipal Owned Entities			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
			Other charges			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
174,758,789	164,991,902	9,766,887	Municipality	227,228,945	207,164,286	20,064,659
-	-	-	Municipal Owned Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-

Mandeni Municipality
Unaudited Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
174,758,789	164,991,902	9,766,887	Total	227,228,945	207,164,286	20,064,659

Mandeni Municipality
Appendix F
Unaudited Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jul	Oct	Jan	Apr	Jun	Jul	Oct	Jan	Apr	Jun	Jun	Sep	Dec	Mar	Jun		Yes/ No	
MIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
NDPG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
Small Towns	PT COGTA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
FMG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.